

EMERGING MARKETS PROGRAM CENTRAL PROPOSAL

Date of proposal submission: August 15, 2008

Name of organization(s) submitting proposal:

Office of Country and Regional Affairs (OCRA)/Asia Division

U.S. Department of Agriculture, Foreign Agricultural Service

Organization address, telephone, and fax numbers:

1400 Independence Ave. SW

Room 5638, Mail Stop 1080

Washington, D.C. 20250

(202) 720-9207

(202) 690-2079

Full title of proposal: Asia-Pacific Economic Cooperation (APEC) Representational Program

Target Markets:

The Asia Pacific Economic Cooperation (APEC) is made up of 21 member countries (11 of which qualify as emerging markets) and account for half of the world's trade. APEC was founded in 1989 to facilitate growth, cooperation, trade, and investment in the Asia-Pacific region. A key objective of APEC is the achievement of free and open trade and investment in the region by the year 2010 for developed economies, and by 2020 for developing economies.

In 2006, APEC's total trade was \$9.7 trillion, and total GDP was \$25 trillion; figures indicative of how important regional trade has become. APEC markets also account for nearly 60 percent of U.S. exports. Agricultural trade plays an important role between the United States and other APEC economies. In 2007, the United States exported over \$61.8 billion in agricultural, fishery, and forest products to APEC economies, an increase of 12 percent over the previous year. In 2007, the United States imported \$65.2 billion in agricultural, fishery, and forest products from other APEC economies. Leading U.S. food exports to APEC economies were soybeans, coarse grains, red meats, consumer-oriented foods, fresh fruits, processed fruit and vegetables, wheat, snack foods, seafood, dairy products, and poultry. Leading U.S. food imports categories from APEC economies were seafood, red meats, fresh vegetables, snack foods, wine and beer, processed fruits and vegetables, and dairy products.

Description of the Problem:

In pursuit of its goals of regional trade liberalization, APEC has increased in breadth and complexity. Each year, member economies rotate hosting responsibilities for APEC meetings. In addition, APEC is comprised of dozens of committees and subgroups

addressing all aspects of trade and investment in development. Many of these activities and meetings in the Asia-Pacific region are funded by APEC or other member economies, resulting in a large number of meetings that take place on a variety of subject matters that are critical to U.S. agricultural trade and markets.

In FY2008, USDA/FAS participated in the meetings for the High Level Policy Dialogue on Agricultural Biotechnology (HLPDAB) and the Agricultural Cooperative Technical Working Group (ATCWG). However, FAS's scope and involvement in APEC has also grown and the agency was also required to participate in meetings that were in addition to regularly planned activities, including the Biofuels Task Force, the Food Safety Collaboration Forum, and the Individual Action Plan. In addition to these meetings, there were a large number of capacity building activities and information workshops on important agricultural issues that USDA or other U.S. representatives were unable to attend due to limited travel funds. This increasing scope of FAS's involvement in APEC has meant that the agency's participation has grown exponentially in the last three years. Current USDA participation in APEC includes divisions from across the department and includes almost all of FAS's program areas, Animal Plant Health Inspection Service, Agricultural Research Service, and Forest Service.

Furthermore, APEC has identified the current rise in food prices as an issue that its members should be focusing on due to its effects on regional agricultural trade and development. As USDA is leading the U.S. government discussion on rising food prices, FAS will be tasked to take a lead in APEC discussions and activities on this issue.

Another development in APEC requiring increased FAS participation is the discussion of regional trade. As mentioned earlier, APEC seeks the removal of trade barriers. In addition, the organization supports the World Trade Organization and the Doha Negotiations. To support these efforts, APEC organizes meetings on best practices for free trade agreements and Doha support meetings. In addition, President Bush and the other APEC leaders have tasked the organization with commencing discussions on the feasibility of a Free Trade Agreement of the Asia-Pacific. As agriculture plays a significant role in these discussions, FAS participation is vital to represent USDA's interests.

Finally, in 2011, the United States will be official hosts of the APEC meetings. In addition, FAS has been approached to hold the first ever APEC Agricultural Ministerial. Due to the amount of subject matter and topics that the APEC Agricultural Ministerial would cover, FAS will need to begin meeting next year in different APEC fora to discuss subject matter, such as participation in the APEC Biofuels Taskforce with one possible subject for the ministerial being the "food vs. fuel" discussion.

Such a lack of representation can have detrimental effects on U.S. agricultural markets in the Asia-Pacific region as this allows viewpoints or strategies of regional competitors (e.g., the People's Republic of China, the Russian Federation, Australia, Canada, and Japan) to be supported on a regional basis without U.S. information/position being shared and considered. In addition, such meetings can lead to members forming a consensus on

agricultural policy or regulations that may have a lack of awareness of U.S. policy or regulations. Such efforts can lead to regional trade barriers being put in place that may conflict with U.S. markets, and place U.S. agriculture at a disadvantage. In addition, given the number of meetings, a lack of USDA representation means that messages or information that support U.S. objectives in APEC, such as regional acceptance of agricultural biotechnology, will be limited to a few strategic meetings, as opposed to a widespread regional effort.

In order to support U.S. agricultural policy and to support opportunities for U.S. exporters and growth in the emerging markets to in the Asia-Pacific Region, USDA/FAS proposes to support participation of U.S. Government or industry specialists to attend several regional APEC workshops in order to allow for U.S. positions to be supported in ongoing discussions. In addition, FAS/OCRA would coordinate USDA participation with the other FAS program areas to ensure that the correct participants are supported by this program.

Project Objectives:

USDA/FAS Strategic Goal 1, Create a level playing field for agricultural trade, specifically 1.3: Build support for open trade by developing strategic relationships with foreign governments.

USDA/FAS Strategic Goal 2, Expand the Global Agricultural Trading System by Building Trade Capacity in Developing Countries, specifically Objectives 2.1: Facilitate U.S. Commercial trade through trade-related programs, information and overseas services. Objective 2.2: Support the U.S. trade policy agenda through trade capacity building activities, Objective 2.3: Coordinate and lead USDA international assistance and development activities to support U.S. national security and foreign policy goals

USDA/FAS Strategic Goal 3: Reduce technical trade barriers and restrictive SPS measures, specifically Objective 3.3, Support development and adoption of science-based international standards and Objective 3.4, Support the development and adoption of science-based SPS regulatory systems

Participants from the U.S. Government or from recognized institutions and/or universities will be experts on the discussed subject matter of the respective APEC event. Furthermore, these representatives must be able to represent and articulate the official USDA position in such discussions.

Performance Measures:

1. U.S. agricultural policy will be promoted in discussions that will affect U.S. exports.
2. Information sharing and outreach to other participating APEC economies.
3. Establish working relationships with other APEC members to build alliances and support for official USDA positions in policy discussions.
4. Create an understanding in the region on U.S. positions and trading policy, in addition to supporting the importance of regulations being based on sound science and in accordance with internationally recognized standard setting bodies, such as Codex Alimentarius, the World Health Organization (OIE) and the International Plant

Protection convention (IPPC).

Rationale:

This project will allow all of the FAS Program areas to collaborate and identify key APEC events or meetings to send official representation for the United States. This will allow for U.S. positions to be shared with the other 21 APEC Economies. Furthermore, participants will be able to influence positions or agendas of regional competitors to influence regulatory development in developing countries and promote U.S. agriculture within the region.

Clear demonstration that successful implementation will benefit a particular industry as a whole, not just the applicant(s);

As APEC discussions are based on industry-wide issues on a regional basis, participants will represent U.S. agricultural issues, policies, and industries on a large-scale basis.

Furthermore, OCRA will collaborate with other FAS program areas (e.g., OSTA, ONA, OGA, OCBD, and Posts), the U.S. industry, and academic sectors to ensure that the appropriate participants are selected to represent U.S. agricultural goals and market objectives at regional meetings.

Description of Activity

This activity will consist of several stages; in the first stage, OCRA will work with U.S. government interagency partners, Posts and respective APEC groups to identify issues, meetings, and capacity building events that warrant U.S. participation when critical. In the second stage, OCRA will work with U.S. government and non-government partners to identify the best possible candidate to represent the United States at the respective meeting. In the next stage, FAS will collectively work to prepare and coordinate participation at the respective APEC event. Finally, FAS will meet to discuss outcomes and potential next steps in the respective APEC fora, including necessary policy actions in response to issues and the development of long-term strategies and efforts to support U.S. agricultural goals.

Timeline for Activity: FY2009

Beginning in fall/winter 2008, preparations for the 2009 APEC year will be under way. USDA will begin meeting with partners to begin identifying upcoming APEC meetings and events to begin selection for U.S. participation.

During each event, USDA will coordinate participation. Following the event, OCRA will coordinate a readout for respective U.S. parties to discuss successes or disagreements and next steps.

Similar Activities Funded by USDA in Target Market:

Since 2003, FAS/OSTA and OCRA have applied for EMP funds to coordinate events such as the HLPDAB, and meetings on food defense and food safety. However, no such funding has been made available to U.S. and non-government experts for other ongoing APEC meetings. These monies are imperative to support the goals of increasing market

access for U.S. agriculture in the APEC region, and to maintain that which has already been acquired.

Proposed Budget:

This effort will encourage cost sharing with other FAS program areas, Posts, and other U.S. interagency partners. Given the large number of APEC events, FAS proposes \$14,088 which could be used to fund attendance at three APEC events held during the year. As APEC is a regional organization, estimates have been based on travel to North Asia, South Asia, and Latin America. Notably, Peru and Singapore have already been selected as locations which will host main APEC events in 2008 and 2009. However, many of the APEC sub-groups or related capacity building activities can take place throughout the region. For instance, China will be the official location of the ATCWG, despite Singapore's role as official overall APEC host in 2009.

It is proposed that this program support coach-class airfare, necessary per diem, and any other expenses for materials related to U.S. objectives for the meetings.

USG or non-USG Participants:

Program 1- Singapore (proposed- official 2009 APEC Hosts)

Airfare (coach-class)	\$3,500	
Per Diem 5 nights X \$517/day	\$ 2,585	
Miscellaneous expenses	\$715	
Sub-total		\$7,000

Program 1- China (proposed)

Airfare (coach-class) x 2 people	\$5,000	
Per Diem 5 nights X \$316/day x 2 people	\$ 3,160	
Miscellaneous expenses x 2 people	\$ 1,440	
Sub-total		\$9,400

Program 1- Peru (proposed – official 2008 APEC Hosts)

Airfare (coach-class)	\$1,500	
Per Diem 5 nights X \$265/day	1,325	
Miscellaneous expenses	\$ 775	
Sub-total		\$3,600

TOTAL		\$20,000
-------	--	----------